

# Fiscal Services Division

## Legislative Services Agency

### Fiscal Note

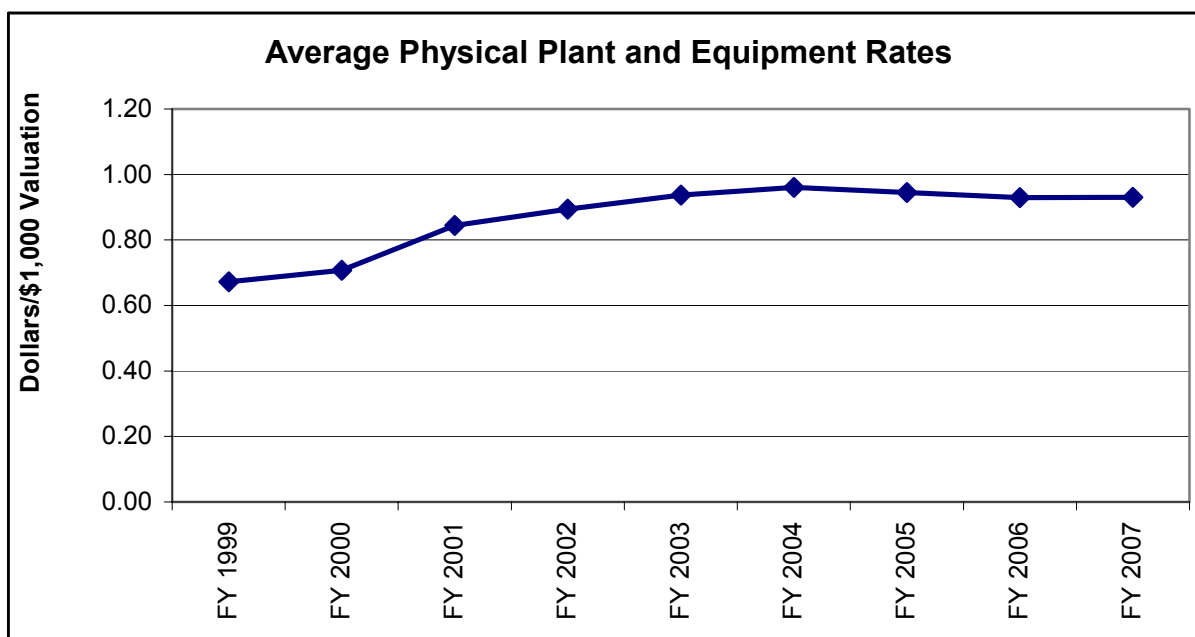
House File 459 - Education Funding, Physical Plant & Equipment Levy (LSB 1448 HH)  
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Fiscal Note Version - New

#### Description

House File 459 expands the use of the Physical Plant and Equipment (PPEL) Levy to include the purchase of software or software licensing payments when equipment or technology is purchased, leased, or lease-purchased.

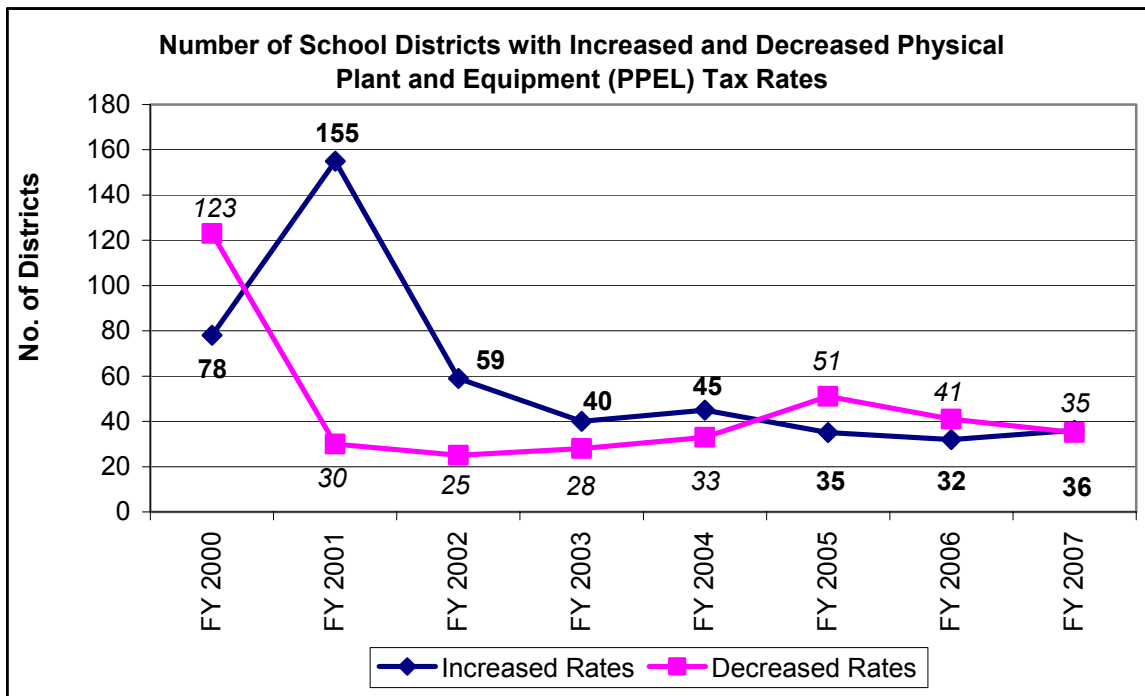
#### Background

In FY 2003, the permitted use of PPEL levies was expanded to allow the lease or lease-purchase of equipment or technology. The minimum dollar value of the equipment or technology was reduced from \$1,500 to \$500. The following chart shows the average PPEL property tax rates between FY 1999 and FY 2007.



The average PPEL rates continued the increasing trend for all years prior to FY 2003 and began to decrease in FY 2005.

The following chart shows the number of school districts that had decreased PPEL rates compared to the previous year and the number that had increased rates. Prior to FY 2004, more school districts increased their rates than decreased their rates. After FY 2005, more school districts decreased their rates. The pattern holds for the school districts that did not renew their PPEL levies. From FY 1999 through FY 2001, every school district had a PPEL levy. In FY 2002 and FY 2003, one district let its levy drop, but by FY 2004 all districts again had the levy. Beginning in FY 2005, five districts did not impose the levy, as did four districts in FY 2006, and six districts in FY 2007.



The trends do not suggest that expanding the use of the Physical Plant and Equipment Levy in FY 2003 had a discernable impact on PPEL rates or usage.

### **Fiscal Impact**

House File 459 expands the use of revenues from the Physical Plant and Equipment Levy and has the potential to encourage school districts to increase their levy rates. Given the apparent lack of response to the FY 2003 expanded use, this does not seem likely.

### **Sources**

Department of Management  
Department of Education

/s/ Holly M. Lyons

February 21, 2007

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.